

Alfred Powers (1919-) REPARATION COMMISSION.

XIII.

OFFICIAL DOCUMENTS.

Distribution of the Pre-War Austrian and Hungarian Debt.

(Supplement to Volume No. VII.)

International Documents and Agreements concerning the creation and functioning of the "Joint Office of Foreign Holders of Bonds of the Austrian and Hungarian Pre-War Public Debts."



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REPARATION COMMISSION

XIII

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OF THE

PRE-WAR AUSTRIAN AND HUNGARIAN DEBT

(SUPPLEMENT TO VOLUME N. VII)

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DEPARTMENT OF COMMERCE

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XIII

DISTRIBUTION

OF THE

PRE-WAR AUSTRIAN AND HUNGARIAN DEBT

PRESENTED TO THE HOUSE OF REPRESENTATIVES

International Bankers and American Concerns concerning the existing and pending
at the Joint Office of Foreign Holdings of the Treasury and War
Pre-War Public Debt

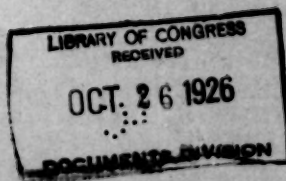


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REPARATION COMMISSION.

7, rue de Tilsitt, Paris.

CIRCULAR NOTE

BY THE REPARATION COMMISSION

DATED JULY 17th, 1926

CONCERNING THE SETTLEMENT OF CERTAIN AUSTRIAN AND HUNGARIAN PRE-WAR PUBLIC DEBTS.

The provisions of Articles 203 of the Peace Treaty between the Allied and Associated Powers and Austria, signed at Saint-Germain-en-Laye, and 186 of the Peace Treaty between the Allied and Associated Powers and Hungary, signed at Trianon, give the Reparation Commission a mandate to carry out the distribution of the Austrian and Hungarian pre-war public debts and to provide for the settlement of the debts so distributed.

1. In execution of this mandate, the Reparation Commission in 1921, approached all Governments, requesting them for the protection of the interests of their nationals, to stamp the bonds of certain categories of debts (unsecured debts), and to forward to the Commission lists enumerating the bonds thus recorded.

Stamping
by the States.

This operation was planned as a precautionary measure, with the object of identifying, for subsequent action, the bonds held outside the States to which territory of the former Austro-Hungarian Monarchy was transferred or arising from the dismemberment of that Monarchy, including Austria and Hungary. The manner of dealing with these bonds was to be determined later by the Reparation Commission, on the principles laid down in paragraph 9 of the Annex to the aforesaid Articles.

2. With a view to the permanent settlement of the questions arising out of the service of these debts by adapting the principles thus laid down by the Treaties to the requirements of practical application, the Reparation Commission adopted, with regard to the group of debts enumerated in Paragraphs 7 and 8 below, a system which was accepted by the Governments of the debtor States on the one hand, and by the holders duly represented by the most important national Bondholders' Associations on the other. This system was confirmed by the agreement known as the Innsbruck Protocol (June 29, 1923) and afterwards completed by the Prague Agreement (November 14, 1925) and the Additional Protocol of Paris (March 15, 1926) [1].

System provided
by the Innsbruck
Protocol
and
supplementary
agreements.

Under this agreement, the *Joint Office of Foreign Holders of Bonds of the Austrian*

(1) See annexed documents.

and Hungarian Pre-war Public Debt (*"Caisse Commune des Porteurs de Dettes publiques autrichienne et hongroise"*) the head offices of which are at present situated at 22, boulevard de Courcelles, Paris, is entrusted with the collection, in the proportions fixed by the Reparation Commission, of the sums necessary for the service of the debt and with their distribution among the bondholders.

Census
and delivery
of coupon-sheets
by the "Caisse
Commune".

3. The bonds belonging to the categories of debts the service of which will be centralised by the "Caisse Commune" will remain in circulation. They will be separately recorded by the "Caisse Commune", which at the same time will withdraw the coupon-sheets and the talons and replace them by a new coupon-sheet issued by it. By this procedure, the old bond becomes a bond entitling the holder to a due proportionate share of each of the instalments payable by the States declared debtors. This operation, which, as stated above, will include the separate census of the bonds, the withdrawal of coupons and talons and the delivery of a new coupon-sheet, will thus constitute the execution of the withdrawal and exchange operations prescribed in paragraph 9 of the Annex above referred to.

The Reparation Commission further desires to call the attention of all the Governments of States which have carried out the stamping of bonds of the Austrian and Hungarian unsecured pre-war debt — other than States to which territory of the former Austro-Hungarian Monarchy was transferred or States arising out of the dismemberment of that Monarchy, including Austria and Hungary — to this census and delivery of new coupon-sheets by the "Caisse Commune". This organisation, which was formed for that purpose by the Bondholders' Associations in agreement with the Reparation Commission, has received from the latter a mandate to act on its behalf for the technical execution of the withdrawal and exchange of the bonds as prescribed in paragraph 9 of the aforesaid Annex.

Principles
laid down by the
Reparation
Commission.

4. In this task, the "Caisse Commune" is therefore acting on the authority and under the supervision of the Reparation Commission, which has laid down the following governing principles :

A. There shall be admitted to the census and delivery of new coupon sheets, without further formalities, all bonds which, under previous decisions of the Reparation Commission have been duly stamped by a State other than those to which territory of the former Austro-Hungarian Monarchy was transferred or those arising out of the dismemberment of that Monarchy.

B. Bonds regularly stamped by a succession or cessionary State of Austria or Hungary shall not be admitted, unless they are bonds which were stamped by such States outside their territory (stamp of diplomatic or consular agents).

C. Bonds bearing no stamp will not be admitted until the holders have furnished satisfactory evidence and proof that their bonds were not unlawfully withheld from the stamping effected in the territory of the succession or cessionary States of Austria or Hungary.

5. The "Caisse Commune" will proceed to the census and delivery of new coupon-sheets category by category. The notices calling in the several categories of bonds will be successively published in the Press by the "Caisse Commune" and the affiliated Associations.

Presentation
of bonds
for census
and delivery
of new
coupon sheets.

The Governments of States which, at the opening of stamping operations, decided to hold officially on deposit the bonds belonging to their nationals, will, in due course, merely have to present officially all the bonds of a given category collected by them, with a view to the delivery of new coupon-sheets and census. This can be done either directly, or indirectly through the medium and with the cooperation of a national bondholders' association, particularly when an association of the bondholders who are nationals of the State in question is a member of the "Caisse Commune". The Governments of these States may also, if justified by the amount of the deposit, arrange with the "Caisse Commune" for the designation, in respect of the execution of these operations, of a financial establishment having its head offices in a place that suits their convenience. Once the census and the delivery of new coupon-sheets have been effected, the Government concerned will have only to return the bonds to their owners.

If the States, at the opening of stamping operations, did not collect the bonds, or if they have already returned them to the bondholders, these latter must present their bonds separately at the offices designated by the "Caisse Commune" for census and for the delivery of new coupon-sheets. The stamp obtained by the bondholders from their Government gives them the necessary authority to make such application (see above, para. 4, point A).

6. To ensure complete regularity in the operations of census and of the delivery of new coupon-sheets, the Governments of the States, which have carried out stamping operations, are requested to send to the Reparation Commission 25 specimens of the stamp (stamp or mark) used by them to identify the bonds of their nationals. These specimens will be forwarded to the "Caisse Commune", and by it to the several offices designated to deliver the new coupon-sheets, so that the latter may examine and check the stamp on the bonds presented. Further, the Reparation Commission recommends that the "Caisse Commune", be authorised, in disputed cases, to apply to the competent Departments of the said States in order to obtain the necessary information as to the authenticity of a particular stamp.

Checking of bonds
presented.

7. The procedure outlined in the present note applies to all categories of the unsecured debt that are expressed in gold or in currencies other than Austro-Hungarian currency, namely:

Categories
of unsecured
debts admissible
for Census and
delivery of new
coupon-sheets.

A. Austrian 4 % gold Annuity

B. Hungarian 4 % gold Annuity

C. Austrian 4 1/2 % Treasury certificates (Staatsschatzanweisungen) in crowns, francs, Dutch florins, marks and pounds sterling 1914 issue (only bonds of Series II, III, IV, VI, VII, X, XIII, XIV and XV shall be admitted; the other series having

matured before July¹⁶, 1920, the date of the coming into force of the Treaty of St.-Germain, are excluded from the distribution provided for in Art. 203 of the said Treaty).

D. 4 1/2 % Hungarian Annuity in four currencies, 1913 issue;

E. 4 1/2 % Hungarian redeemable annuity in four currencies, 1914 issue.

Secured debts
falling under
the same
settlement.

8. Further, in virtue of agreements concluded between the debtor States and representatives of bondholders and approved by the Reparation Commission, the service of the following secured debts has also been entrusted to the "Caisse Commune";

A. Bonds originally issued by the Austrian Chartered Company of State Railways (Steg);

a. 3 % in francs, old lines issues I-X;

b. 3 % in francs, supplementary lines, series A, issues I-IV;

c. 4 % in francs and marks, 1900 issue;

B. Hungarian 4 % Annuity in four currencies, 1910 issue.

Bonds belonging to these categories will therefore be admitted to the census and, if need be, to the delivery of new coupon-sheets by the "Caisse Commune" in the same way as the unsecured debts enumerated in the foregoing paragraph. As these categories, however, belong to the secured debt, the census and the delivery of new coupon-sheets will extend to all the bonds presented, without any necessity for them to have been previously recorded by a State and stamped.

Time limit.

9. The Reparation Commission has fixed a period of 12 months within which the bonds shall be presented for census and for the delivery of new coupon-sheets. This period will begin to run as from the date which shall be fixed by the "Caisse Commune" for each category of debts in its notices advertising the delivery of new coupon-sheets.

Accomplishment
of the
Mandate conferred on the
Reparation
Commission.

10. Having thus established a settlement whereby the bondholders can obtain a certificate of their claims against the debtor States, and since it reserves the right to intervene for the settlement of any questions which may arise in connection with the census and with the delivery of new coupon-sheets, the Reparation Commission considers its task under the aforesaid articles of the Peace Treaties regarding the above categories of debts to be fulfilled, the recovery of the sums due not being within its competence.

Unsecured
debts not included
in the present
settlement.

11. The Reparation Commission will announce later any measures taken in regard to the following unsecured debts not subject to the settlement covered by the present note:

Austrian funded Annuity 4.2 % silver and paper;

Austrian converted 4% annuity;

Austrian 4% annuity in crowns;

Austrian 3 1/2 % invested annuity, 1897 issue;

Certificates of the Austrian loan contracted in 1911 with certain insurance companies;

Hungarian 4 % annuity in crowns;

Hungarian land redemption bonds, 1889 issue;

Hungarian bonds secured on the tax on beverages.

It will be for each of the States which have stamped and collected the bonds belonging to their nationals to consider forthwith whether it is advisable to return them, when stamped, to the bondholders.

Paris, 17th, July 1926.

INNSBRUCK PROTOCOL (1).

On the initiative of the Sub-Committee on the Distribution of the Austro-Hungarian Debts, duly authorised by the Reparation Commission (Decision of June 19, 1923), a conference was held on June 25, 1923, at Innsbruck, Austria, between the Delegates of the Succession and Cessionary States (2) of former Austria-Hungary, on the one hand, and the representatives of the holders of Austrian and Hungarian bonds, on the other, with a view to the permanent settlement of questions arising from the service of certain categories of Austrian and Hungarian debts.

The Governments in question were represented by :

Dr. Walter GÜTTL, Ministerial Councillor, *Austria*.

Dr. Kalman ZSIGMONDY, Ministerial Councillor, *Hungary*.

Commendatore F. PIZZICHELLI, Ministerial Councillor, *Italy*.

Dr. Dragoljub G. NOVAKOVITCH, General Director of the National Bank, the *Serb-Croat-Slovene Kingdom*.

Dr. J. MROZOWSKI, Polish Delegate to the Reparation Commission, *Poland*.

Dr. Karel BRABENEC, Ministerial Councillor, *Czechoslovakia*.

M. ZEUCEANU, Liquidator of the Austro-Hungarian Bank, *Roumania*.

The Associations and Committees were represented by :

M. BARDE, Director of the Association Nationale des Porteurs Français de Valeurs Mobilières, *France*.

M. M. ALBERTI, of the Association Bancaria, Italiana, *Italy*.

Dr. A. F. van HALL, Chairman of the Committee of Holders of Austrian and Hungarian Bonds, and.

(1) The Reparation Commission took note of this Agreement by its decision of November 18, 1924.

(2) The expression "Succession and Cessionary States" is the abbreviation of the definition adopted by the Peace Treaties : "States to which territory of the former Austro-Hungarian Monarchy is transferred, and States arising from the dismemberment of that Monarchy, including Austria (Hungary)".

These States are :

a. For the Austrian debts : Austria, Italy, Poland, Roumania, the Serb-Croat-Slovene Kingdom and Czechoslovakia;

b. For the Hungarian debts : Austria, Hungary, Poland, Roumania, the Serb-Croat-Slovene Kingdom and Czechoslovakia; moreover, a portion of the Hungarian debts has been assigned to Fiume, for which the Italian Treasury has assumed responsibility.

Dr. H. A. van NIEROP, Member of this Committee, *Holland*.

M. R. A. KOECHLIN, Chairman of the Committee "pour les Etats Successeurs de l'ancienne Monarchie austro-hongroise de l'Association suisse des banquiers", and.

M. S. CLERC, *Switzerland*.

After a joint examination of the measures to be taken, the Sub-Committee submitted to the approval of the members present the following text *ne varietur*, to which they affixed their signatures; it was understood that the final decision of their mandators or adherents concerning the ratification or non-ratification of the draft convention shall be notified to the Reparation Commission not later than November 15, 1923.

The Roumanian Delegate repeated the declaration made on behalf of Roumania at the Vienna Conference of March 21, 1923, and subsequently notified to the Reparation Commission.

The representatives of the other States declared that freedom of action of their respective Governments in regard to ratification or non-ratification was entirely safeguarded (1).

ARTICLE 1.

In order to represent the foreign holders of the securities herein after enumerated *vis-à-vis* the several States, there shall be constituted by the aforesaid Associations an organisation to be known as :

THE JOINT OFFICE OF FOREIGN HOLDERS OF BONDS OF THE AUSTRIAN AND HUNGARIAN PRE-WAR PUBLIC DEBTS

which shall be entrusted with receiving for the account and in the name of the holders the payments made by the Succession and the Cessionary States on the interest and amortisation of the said bonds and to provide, if necessary, with the replacement of bonds in circulation which are in a bad condition.

ARTICLE 2.

The bonds in respect of which the Office will ensure the service are as follows :

1. The bonds originally issued by the Chartered Company for the Austrian and Hungarian State Railways (STEG), which are included in one of the loans hereinafter designated, regardless of the nationality of the holders concerned :

3 % Loan (original system), expressed in francs;

3 % Loan (supplementary system), expressed in francs;

1900 4 % Loan, expressed in francs and marks.

(1) All the States have ratified this agreement, including Roumania, who gave her adhesion when the "Additional Protocol of Paris" was signed (see document No. V).

Since the Reparation Commission has adopted final decisions on the distribution of the loans of the STEG, the Office will, as soon as it is regularly constituted, be authorised to take all steps in support of the rights of the holders of these loans, whether or not these holders belong to the Succession or Cessionary States (1).

2. The bonds of the former non-secured Austrian or Hungarian public debt held outside the former territories of Austria and Hungary (Altausland) referred to in paragraph 9 of the Annex to Article 203 of the Treaty of Saint-Germain and Article 186 of the Treaty of Trianon and included in one of the loans hereinafter designated :

Austrian 4 % gold annuity,

Hungarian 4 % gold annuity.

1914 4 1/2 % Austrian Treasury Certificates (expressed in crowns, marks, Dutch florins, francs and pounds sterling),

1913 4 1/2 % Hungarian annuity (expressed in crowns, francs, marks and pounds sterling).

1914 4 1/2 % redeemable Hungarian annuity (expressed in crowns, francs, marks and pounds sterling).

3. If necessary, the other bonds included in the former Austrian or Hungarian public debt in respect of which an agreement has been concluded between the Governments and the Office (2).

ARTICLE 3.

The Office shall have its head-quarters at Paris, it shall have the option of changing its head-quarters and its nationality.

ARTICLE 4.

The Office shall be directed by a Managing Board composed of :

a. *Representatives of the bond holders;*

The representatives of the *Belgian* holders shall be represented by the Association belge pour la Défense des Détenteurs de Fonds Publics at Antwerp; the representatives of the *British* holders, by the Council of Foreign Bondholders; the representatives of the *French* holders, by the Association Nationale des Porteurs Français de Valeurs Mobilières; the representatives of the *Italian* holders, by the Associazione Bancaria italiana; the representatives of the *Dutch* holders, by the Committee of holders of Austrian and Hungarian Bonds, constituted by the Vereeniging voor den Effectenhandel (Amsterdam Exchange Committee), and the representatives of the *Swiss* holders, by the Association suisse des Banquiers at Bale.

The five associations of holders which represent the most important groups of bonds, that is, the French, Dutch, Belgian, Swiss and British associations, will each appoint two delegates to the Board of the Office; the other associations will appoint one delegate each. Each association shall have the right to appoint one or more deputies. The appointment of each of these delegates shall be notified to the Government of which he is a national.

(1) The settlement of these debts was established by the Prague Agreement (see document No. IV, Article 3).

(2) A similar agreement is concluded for the Hungarian 4 % annuity in four currencies 1910 (see document No. IV, Article 4).

b. A *Commissioner Delegate*, appointed in annual rotation by each of the Governments for the Succession and Cessionary States.

c. A *President*, who shall have the casting vote in case of a tie, and who may be chosen, in rotation and for one year at a time, from the members of the Board who represent the three most important national groups of holders. The President shall be re-eligible for an indefinite period.

ART. 5.

The Executive Board of the Office shall hold two regular meetings each year, in June and December. If necessary, special meetings may be called, on the initiative of the President or at the request of the Commissioner or of two associations.

The Board shall publish a yearly report on the operations of the Office during the past working year.

ART. 6.

The budget of expenditure shall be drawn up by the Managing Board of the Office.

Until the payment of the first quarterly instalment the States shall ensure the working expenses of the Office by means of advances to be repaid or credited within two years, and which may be as high as 600,000 francs, payable half at the time when the Office takes up its functions and half six months after this date.

These advances shall be distributed as follows :

Republic of Austria	115,000
Kingdom of Hungary	138,000
Kingdom of Italy	12,000
Republic of Poland	42,000
Kingdom of Roumania	71,000
Serb-Croat-Slovene Kingdom	49,000
Republic of Czechoslovakia	173,000

ART. 7.

The Managing Board of the Office shall appoint a General Secretary who will receive its instructions and be responsible for the proper functioning of the Office. The General Secretary and his assistant shall be present at all meetings of the Managing Board.

The staff of the Office shall be chosen by the General Secretary.

ART. 8.

The bonds now in circulation shall in general be maintained.

The Office shall be empowered to deliver new coupon sheets bearing mention of the

changes made in the conditions of service. The Office shall make no payments on the former coupons.

ART. 9.

The net quota due by each State for the service of the loans known as the 4 % Austrian gold annuity and the 4 % Hungarian gold annuity shall be that fixed by the Reparation Commission in a decision to be adopted hereafter (1).

In view of the economic and financial conditions under which all the States concerned are labouring, the burden incumbent upon them vis-à-vis their holders of bonds in the territory of the non-succession and non-cessionary States is limited to 32 % (thirty-two per cent), including commission, of the amount of the interest stipulated in gold.

The States shall pay the sums thus calculated at the head-quarters of the Office, in quarterly instalments, payable at the due dates, for the current service of the coupons, the first being payable on April 1, 1925. If this payment is not made in actual gold, it shall be in pounds sterling or United States dollars, according to instructions to be notified to each State at least two months before the due date.

The repayment of back coupons corresponding to the period included, for the Austrian annuity, between April 1, 1920, and December 31, 1924, and for the Hungarian annuity, between July 1, 1921, and December 31, 1924, shall be calculated on the same basis of 32 % and shall be paid in quarterly instalments, without interest, over a period of twelve years, from January 1, 1926, to October 1, 1937.

Payments on the current service and on arrears will be made according to the following schedule :

DATE.	FOR THE AUSTRIAN 4 % gold annuity : percentage of nominal capital reduced to 32 %.	FOR THE HUNGARIAN 4 % gold annuity : percentage of nominal capital reduced to 32 %.
April 1, 1925.....	1 %.	1 %.
July 1, 1925.....	1 %.	1 %.
October 1, 1925.....	1 %.	1 %.
January 1, 1926.....	1 19/48 %.	1 14/48 %.
April 1, 1926.....	1 19/48 %.	1 14/48 %.
etc., etc.....	ditto	ditto
October 1, 1937.....	ditto	ditto
January 1, 1938.....	1 %.	1 %.
April 1, 1938.....	1 %.	1 %.
etc., etc.....		

In regard to the following loans, the net quotas of which shall also be determined by the Reparation Commission (1) :

1914 4 1/2 % Austrian Treasury Certificates (expressed in crowns, marks, Dutch florins, francs and pounds sterling).

(1) See Note (1) on page 27 for the amount of these net quotas.

1913 $4\frac{1}{2}\%$ Hungarian annuity (expressed in crowns, francs, marks and pounds sterling),
1914 $4\frac{1}{2}\%$ redeemable Hungarian annuity (expressed in crowns, francs, marks and pounds sterling).

The States will pay to bondholders in the territory of the non-succession and non-cessionary States 27 % (twenty-seven per cent), inclusive of commission, of the gold parity of the specified total. This clause shall apply only to holders who are represented on the Board, in respect of bonds stamped in conformity with the decisions of the Reparation Commission, subject to the contractual provisions concerning the amortisation of the Austrian Treasury Certificates.

Payment of the sums due in respect of interest and amortisation of the loans enumerated in the preceding paragraph will be effected in accordance with the foregoing conditions in regard to gold annuities.

In regard to arrears, the following will be due :

1. For 1914 $4\frac{1}{2}\%$ Austrian Treasury Certificates :
 - A. Interest from July 1, 1920, to December 31, 1924;
 - B. Amortisation : bonds drawn or to be drawn during 1921, 1922, 1923 and 1924 (1).
2. For $4\frac{1}{2}\%$ Hungarian annuity 1913 :

Interest from March 1, 1921, to December 31, 1924.
3. For the redeemable $4\frac{1}{2}\%$ Hungarian annuity 1914 :
 - a. Interest from April 1, 1921, to December 31, 1924 :
 - b. Amortisation : bonds drawn or to be drawn during 1921, 1922, 1923 and 1924 (1).

It is understood that before the payment due on January 1, 1931, is effected, the contracting parties will revise the restrictions laid down in the present article for the service of the coupon falling due, in such a way that, if the financial situation of the States should improve, the above percentage may be increased accordingly.

ANNEX.

NOTE ON THE CONDITIONS OF PAYMENT.

1. Gold annuities.
2. Bonds expressed in several currencies.

I. *Gold annuities.* — The percentage fixed at 32 %, inclusive of commission, shall apply to the gold value of the dollar or of the pound sterling taken at par for the weight of fine gold and of the respective bonds in accordance with the legislation in force on January 1, 1914.

II. *Bonds expressed in several currencies.* — The percentage fixed at 27 %, inclusive of

(1) The amortisation of this debt was settled by the Prague Agreement (see document No IV, Article 5).

commission, shall apply to the parity of one of the currencies in which the bond is expressed, at the discretion of the Office, for its gold equivalent on the due date.

Example : Assuming that the pound sterling is chosen and that this currency loses two points in relation to the *gold* pound, the 27 % will apply to 98/100ths (ninety-eight hundredths) of the gold pound.

NOTE. — In regard to the Austrian Treasury Certificates, the contractual provisions laid down concerning the redemption of amortised bonds remain in force in accordance with the stamp of the place of issue.

ARTICLE 10.

In the event of failure on the part of one or other of the States to carry out the provisions of the present agreement, individual bondholders or associations of holders acting on their behalf shall recover from the defaulting State the entire claims which they hold under the Treaties and contracts of issue indicated above.

ARTICLE 11.

The Office shall totalise, for each category of bonds for the service of which it is responsible, the amount of the annuities respectively due by the Succession and Cessionary States. It shall fix, according to the ratio existing between the total receipts and the total annuities due, in accordance with the terms of the relevant issue contracts, the sum to be assigned to the payment of interest, and, if necessary, of the amortisation of each category of loan.

If the total payments made during the financial year are less than the total annuities due by the States, the Office shall apportion pro rata the sums thus received among the various categories of loans.

It is understood that as soon as a State has effected the payment due by it, it shall be considered to be definitively released from its liability.

ARTICLE 12.

Provided that they have for three consecutive financial years effected the payment of the annuities assigned to them, the Succession and Cessionary States shall, in agreement with the bondholders' representatives, have the right to redeem the total amount of their respective annuities. Payment in respect of this redemption may be made either in cash or by the delivery of annuity stock of the redeeming State. The sums received by the Office in connection with this redemption may be assigned either to the redemption by auction or on the Stock Exchange, or to the partial redemption, of the capital of the bonds of this category in circulation.

Upon the expiration of a period of 15 years of regular and uninterrupted service as from January 1, 1925, each State shall have the right to redeem, on the market for its own account, the bonds administered by the Office, for a capital amount corresponding to its share. In this case, the redeeming State shall deliver the bonds redeemed to the Office for the purpose of verification, with a view to its definitive discharge.

ARTICLE 13.

The Succession and Cessionary States shall have the right to delivery to the Office, with the approval of the latter, and as the equivalent of the capital value of annuities not yet due from them, bonds of their national debt.

In no circumstances shall these bonds be affected by subsequent charges due under fiscal or other measures. They shall be entered in the name of the Managing Board of the Office and deposited with a bank mutually approved by the Managing Board and the Government of the Succession or Cessionary State concerned. In the event of suspension of payment of the coupons of these bonds, the holders shall recover *de plano* their claims in respect of the annuities provided for in the present agreement.

ARTICLE 14.

The conditions for the cashing of coupons as well as for the auditing of redeemed bonds and coupons paid by banks appointed for this purpose by the Office for the Service of Bonds, shall be set forth in a special ruling drawn up by the Office.

ARTICLE 15.

Each State shall have the right to withdraw its ratification of the present agreement if the majority of the States decide not to ratify it.

ARTICLE 16.

The provisions of the present agreement shall apply to all bondholders whose bonds have been stamped outside the territory of the Succession and Cessionary States, to the exclusion of any privileges held under separate arrangements by a group of bondholders.

ARTICLE 17.

The execution of the obligations prescribed in the present agreement is, in so far as is necessary, dependent upon the fulfilment of the formalities and regulations laid down by the constitutional laws of the Governments having to apply them, such application being made with as little delay as possible.

ARTICLE 18.

In the event of any dispute between the Office and one or other of the Succession or Cessionary States regarding the application of the present agreement, the matter shall be referred to an arbitral tribunal composed of two arbitrators to be appointed one by each

party; failing agreement between these arbitrators, the latter shall appoint an umpire to settle the divergence of opinion.

The decision of the arbitral tribunal shall be binding on both parties.

ARTICLE 19.

The present agreement shall remain in force until the complete redemption of the bonds of the former Austrian and Hungarian debts which form the subject of the present provisions.

This agreement shall not be denounced or amended before this date except in virtue of a decision by the Governments and Associations signatory thereto.

IN WITNESS WHEREOF, the Members of the Conference have affixed their signatures to the present protocol.

Innsbruck, June 29, 1923.

The Sub-Committee :

G. BOUNIOLS, Dr. PLOJ, Dr. DOLZANI.

Delegates of the States :

Representatives of the Association :

For Austria :

Dr. GÜTIL.

For Hungary :

Dr. ZSIGMONDY.

For the Serb-Croat-Slovene Kingdom :

Dr. Drag. G. NOVAKOVITCH.

For Italy :

Dr. Fausto PIZZICHELLI.

For Poland :

J. MROZOWSKI.

For Czechoslovakia :

Dr. Karel BRABENEC.

For France :

M. BARDE.

For Italy :

M. ALBERTI.

For the Netherlands :

A. VAN HALL and VAN NIEROP.

For Switzerland :

R. A. KOECHLIN.

REGULATIONS

GOVERNING THE RELATIONS BETWEEN THE CAISSE

AND THE REPARATION COMMISSION⁽¹⁾.

1. The "Caisse Commune" is an institution created in accordance with the Protocol signed at Innsbruck on June 29, 1923, by the holders of bonds of the Austrian and Hungarian public debt mentioned in Paragraph 9 of the Annex to Article 203 of the Treaty of Saint-Germain and the corresponding Article of the Treaty of Trianon.

2. It is recognised by the Reparation Commission as the only institution representing the holders for the purpose of obtaining on their behalf delivery of the compensation bonds.

3. The "Caisse Commune" undertakes to make a complete census of the bonds mentioned in the paragraph referred to above and to deliver to the holders a certificate or other credit voucher (for instance, in the form of a new coupon sheet) entitling them to their due proportionate share of the sums obtained in virtue of new issues of compensation bonds issued in accordance with the Annex mentioned above.

4. This operation of taking a census will be substituted for that of withdrawing bonds and exchanging them for certificates to be delivered by the Reparation Commission, as laid down in the Annex in question.

5. On the other hand, the Reparation Commission will hand over to the "Caisse Commune" the compensation bonds issued and delivered by the debtor States, to a nominal amount corresponding to the amount of old bonds, according to the census made by the "Caisse Commune", the service of these bonds being taken over by this office.

6. The compensation bonds will be issued and drawn up in accordance with the terms of the Annex to Article 203 of the Treaty of Saint-Germain (Article 186 of the Treaty of Trianon). The Reparation Commission will determine the amount of

(1) Reparation Commission's decision of November 18, 1924.

the denominations which will, if possible be established in round figures; in certain cases a denomination may include, in the form of a general obligation, the entire quota incumbent upon one State. It will, however, be stipulated that the Debtor State remains under the obligation to substitute in whole or in part, if called upon to do so, fractional denominations for the bonds issued by it, with a view to facilitating distribution.

Other conditions of payment may be approved after direct negotiations between the Debtor States and the "Caisse Commune", the latter acting as agent of the holders which it represents.

7. The Reparation Commission will fix, for the purposes of the census, a final time-limit upon the expiration of which any bond which has not been presented will no longer be accepted for the purpose of the distribution of compensation bonds.

8. The "Caisse Commune" will first deal with the following categories of the unsecured Austrian and Hungarian Debt :

Austrian 4 % gold annuity stock;

Austrian 4 1/2 % Treasury Bonds, 1914 issue in crowns, marks, francs and pounds sterling;

Hungarian 4 % gold annuity stock;

Hungarian 4 1/2 % annuity stock 1913 issue in crowns, marks, francs and pounds sterling;

Hungarian 4 1/2 % redeemable annuity stock, 1914 issue in crowns, marks, francs and pounds sterling.

9. The "Caisse Commune" shall admit to the census and distribution, on equal terms, all bonds of the above categories held outside the Succession or Cessionary States, irrespective of the nationality of the holder and regardless of whether the holder is represented at the "Caisse Commune" by the agency of a national association or some other organisation.

10. Any bond bearing the stamp of non Succession and non Cessionary States is entitled to be admitted without opposition.

11. Any bonds which are not stamped will be admitted when it has been proved that they do not come from the territory of Succession or Cessionary States.

12. On the other hand, all bonds bearing the stamp of a Succession or Cessionary State will be excluded unless such stamp is the special stamp of consular agents affixed to the bonds belonging to the national of a Succession or Cessionary State and held outside these States.

13. The census and delivery of certificates (new coupons) will be effected category by category and will be based upon the list of debts drawn up by the Reparation Commission. However, if the Commission expressly decides it, the merging of two or

more categories of debts into one single debt will be admitted in order to simplify the compensation and census procedure (new coupons).

14. If any doubtful cases arise in the course of the census, the "Caisse Commune" will apply to the Reparation Commission for instructions.

15. Those Succession or Cessionary States that have been recognised by the Reparation Commission as entitled to compensation in respect of a surplus revealed in their stamping, will likewise be admitted to the "Caisse Commune" for the amount of this credit, on the same terms as the holders. In that case, the Reparation Commission will hand over to the "Caisse Commune" compensation bonds corresponding to the nominal amount of the surplus.

16. Special decisions of the Reparation Commission will establish a plan for the amortisation of redeemable debts. The Reparation Commission will consider any proposals which the "Caisse Commune" may submit after agreement with the Debtor States⁽¹⁾.

17. The question whether the service of the "Caisse Commune" should subsequently be extended to all other categories of the unsecured Austrian and Hungarian debt is left open for further consideration.

18. As regards the bonds of the secured debt, special provisions may, as has already been agreed upon in the Innsbruck Protocol, entrust the "Caisse Commune" with the service of certain loans, the responsibility for which has been distributed among several States. In that case, the operations of the "Caisse Commune" will, unless it is otherwise decided, include all the bonds of the loan in question, regardless of the nationality of the holder and the place of deposit. In the event of such proposals not being agreed to, the "Caisse Commune" may, if authorised by its statutes, nevertheless collect the bonds of one or more groups of holders with a view to advancing their claims.

(1) A provisional system of amortisation was established by the Prague Agreement (document No IV, Art. 5).

III

STATUTES OF THE CAISSE COMMUNE

DES PORTEURS DES DETTES PUBLIQUES AUTRICHIENNE ET HONGROISE

ÉMISES AVANT LA GUERRE⁽¹⁾.

(Common Fund of Bondholders of the Austrian and Hungarian Pre-War Debt).
Incorporated after the model prescribed by the French law of July 1, 1901. (The Statutes were deposited at the Prefecture of Police in Paris on December 20, 1924).

OBJECT OF THE ASSOCIATION.

ARTICLE I.

With a view to fulfilling the conditions laid down in the Innsbruck Protocol, concluded on June 29, 1923, under the auspices of the Distribution Sub-Committee of the Reparation Commission, between the representatives of Austria, Hungary, Italy, the Serb-Croat-Slovene Kingdom, Poland and Czecho-Slovakia on the one part, and the representatives of the recognised bondholders associations in Belgium, France, Great Britain, Italy, Holland and Switzerland, on the other part, the following bondholders' associations :

Association belge pour la Défense des Detenteurs de Fonds publics, at Antwerp;

Association National des Porteurs français de Valeurs Mobilières, at Paris;

Council of Foreign Bondholders, at London;

Associazione Bancaria Italiana, at Milan;

Vereeniging voor de Oostenrijksche en Hongaarsche Fondsen, at Amsterdam;

Association suisse des Banquiers, at Bale;

Joined, at the meeting of final incorporation, by the Verein zur Wahrnehmung der Interessen deutscher Eigentümer von Anleihen der ehemaligen Österreichisch-Ungarischen Monarchie, at Berlin;

and any others subsequently adhering to the present Statutes, agree to form an Association according to the model prescribed by the French law of July 1, 1901.

(1) The Reparation Commission took note of these statutes by its decision of November 18, 1924.

The object of the present Association is to look after the general interests of bondholders of the public debt issued before the war by the States of the former Austro-Hungarian Monarchy, who are represented by the above-named Bondholders Associations, and of all other holders of such securities, except those falling under paragraph 3 of the annex to Article 203 of the Treaty of St. Germain or Article 186 of the Treaty of Trianon;

to safeguard the rights of bondholders as confirmed by the Treaties of Peace and subsequent agreements;

to collect and receive the payments due to them under such Treaties or agreements and to distribute them among the bondholders;

in general, to conclude any financial agreements with the Succession or Cessionary States of the former Austro-Hungarian Monarchy with a view to the service of interest or the amortisation of loans for a portion of which they have had to assume responsibility under the aforesaid Treaties. These agreements may extend also to the service of certain loans classed in the Secured Debt, provided always that in this last case, unless specially provided otherwise, such agreements shall be applicable to all holders without distinction of nationality.

NAME.

ARTICLE 2.

The name of this Association shall be the "Caisse Commune des Porteurs des Dettes publiques autrichienne et hongroise émises avant la guerre".

HEAD OFFICE.

ARTICLE 3.

The head office of the Association shall be at 5 rue Gaillon (1), Paris. The nationality of the Caisse may be altered and its head office moved by decision of the Managing Board, whose powers are defined in Article 6.

DURATION.

ARTICLE 4.

The Association will come to an end only after the extinction of the redeemable loans and the redemption or conversion of the perpetual debts included in the public debts or the debts of the Austrian and Hungarian railways enumerated below.

- | | | |
|---|---|---|
| A. The debentures issued by the Austro-Hungarian
Chartered Company for State Railways (STEG)
3 % loan (former system) expressed in francs,
3 % loan (supplementary system) expressed in
francs,
4 % loan 1900 expressed in francs and marks. | } | Service entrusted to the Caisse
by the Innsbruck Protocol, by
way of exception. |
|---|---|---|

(1) Now transferred to 22 Boulevard de Courcelles.

B. Austrian 4 % Gold annuity;

Hungarian 4 % Gold annuity;

C. 4 1/2 % Treasury certificates — 1914 (expressed in crowns, marks, florins, French and Belgian francs and pounds sterling);

4 1/2 % Hungarian annuity — 1913 (expressed in crowns, francs, marks and pounds sterling);

4 1/2 % redeemable Hungarian annuity stock 1914 (expressed in crowns, francs, marks and pounds sterling),

and any other loan stock, such as those indicated in Article 1 *in fine*, the service of which may be entrusted to the Caisse.

POWERS.

ARTICLE 5.

The Caisse will centralise the exercise and representation of all rights and interests attaching to the bonds enumerated above, provided that the holders, through their several national Associations, have adhered to the present Statutes. The mere fact of a deposit of the bonds, counterfoils and old coupon sheets with a view to the issue of new coupon sheets on the terms indicated hereinafter, will constitute the adhesion of the holders to the Statutes of the Caisse.

The individual or collective powers thus conferred on the "Caisse Commune" will be exercised in practice by its Managing Board.

ADMINISTRATION.

ARTICLE 6.

The administration of the Caisse is entrusted to a Board composed of representatives of the bondholders.

The *Belgian* holders are represented by the Association belge pour la Défense des Détenteurs de Fonds publics; the *British* holders by the Council of Foreign Bondholders; the *French* holders by l'Association Nationale des Porteurs français de Valeurs Mobilières; the *Italian* holders by l'Associazione Bancaria Italiana; the *Dutch* holders by the Vereeniging voor de Oostenrijksche en Hongaarsche Fondsen (constituted by the Vereeniging voor den Effectenhandel) the *Swiss* holders by the Association suisse des Banquiers (Comité pour les États successeurs de l'ancienne Autriche-Hongrie), the *German* holders by the Verein zur Wahrnehmung der Interessen deutscher Eigentümer von Anleihen der ehemaligen Österreichisch-Ungarischen Monarchie.

The seven founder associations, viz., the Belgian, British, French, Italian, Dutch, Swiss and German Associations, are entitled each to appoint two delegates to the Managing Board of the "Caisse"; other associations may appoint one or two delegates after agreement

with the Managing Board. Each association may appoint one or more deputies, who will exercise the right of the regular delegates in the absence of the latter. The appointment of each of these delegates will be notified to the Government of which he is a national.

A Commissioner delegated in annual rotation by the Governments of the Succession and Cessionary States jointly shall be attached to the Managing Board of the Caisse and will attend all its Meetings.

The members of the Board appointed by the bondholders' Associations will remain in office for 5 years; they will be elected either at the holders' meetings or by the executive organs of the Associations, at their option, and in accordance with the rules and "statutes" of each national body. The members are eligible for re-election indefinitely.

In the event of the resignation, retirement or death of a member, it will be for the Association which he represents to arrange within three months from his departure from office for his replacement on the Managing Board of the Caisse.

The Board will elect yearly at the first meeting a Chairman and two Vice-Chairmen. The Chairman, who will have a casting vote, may be elected in annual rotation from among the members of the Board who represent the three largest national groups of bondholders. The Chairman will be eligible for re-election indefinitely.

The Chairman shall represent the Caisse both as against the States and against third parties. He will sign in its name all deeds, publications or notices and all correspondence and see to the execution of its decisions, with the proviso that all deeds or agreements whether individual or general in character will only be approved and signed by him after authorisation by the Board and must be countersigned by a member of the Board of a nationality other than his own.

In the event of the Caisse being obliged to go to law either as plaintiff or defendant, it will, for the purpose of necessary formalities, be represented by its Chairman who will have to conform to the rule of the local law.

In case of absence or incapacitation of the Chairman, and during such absence or incapacitation, one of the Vice-Chairmen shall act as Chairman.

GENERAL SECRETARY.

ARTICLE 7.

The Managing Board of the Caisse will appoint a General Secretary, who is empowered, under the authority of the Board, to despatch the business of the Association. The General Secretary, on behalf of the Chairman will represent the Board as against States or third parties for the execution of decisions. He is responsible to the Board.

The General Secretary will have under his authority the office staff of the Caisse; he will provide for its engagement and allocation to the various services, in agreement with the Board. All proposals laid before the Board as to the promotion of the office staff or any disciplinary action to be applied to it will emanate from him.

Further, the General Secretary will draw up, in the first week of each month and always in the same form, a statement showing the monies received and the payments made in the foregoing month in respect of loans the service of which is administered by the Caisse. This statement is to be forwarded to the several Associations represented on the Managing Board of the Caisse.

COMMISSIONER FOR THE STATES.

ARTICLE 8.

The Commissioner must be invited to attend every meeting of the Managing Board, where he will have an advisory vote. His absence shall not have the effect of invalidating the decisions of the Board, provided that he was regularly convened by a notice sent at least three weeks beforehand.

The Commissioner is entitled to look into the management of the Board and to examine the books and other relevant documents. He may not, in any circumstances, interfere in the administration.

The General Secretary is bound to give the Commissioner any information needed in the exercise of his mandate.

MEETINGS OF THE MANAGING BOARD.

ARTICLE 9.

The Board will hold two ordinary meetings every year, in April and in October.

Further meetings may be convened by the Chairman either on his own initiative or on application by the Commissioner for the States at the request of another Association, subject to his agreement, or at the request of two Associations.

The ordinary meetings will be devoted to the consideration of questions of current administration submitted to the Board by the Chairman. The second meeting will necessarily be devoted to preparing the budget referred to in Article 11.

The members of the Board have each one vote. In case of an equality of votes the Chairman has a casting vote.

The first meeting of the Board will take place immediately after the appointment of its members.

The presence of one member over and above half the members shall be necessary to form a quorum.

POWERS OF THE BOARD.

ARTICLE 10.

The Board is empowered on behalf of the Caisse to collect and receive directly for the holders' account, through its agents or through establishments authorised by it for the purpose, the annuities paid by the Succession or Cessionary States of the former Austro-Hungarian Monarchy, as due under the Treaties of Saint-Germain and Trianon, the Innsbruck Protocol of June 29, 1923, and all other subsequent Agreements, Protocols or Riders.

The Board will determine the apportionment of the monies paid by the States between each category of the loans for the service of which the Caisse has to provide, on the basis of

- a. The percentage arrived at under the decisions of the Reparation Commission;
- b. In the case of redeemable loans, the ratio between the interest and the rate of amortisation as fixed in the contract of issue, subject to any other arrangement which might be reached as to the system of discharge either among the interested parties or by decision of the Reparation Commission.

The Board may decide to combine two or more coupons so as to make only one payment in the same year.

BUDGET AND PERIODICAL STATEMENTS OF THE CAISSE.

ARTICLE 11.

The Managing Board will draw up, during the three months preceding the commencement of each business year (January-December), a budget of the Board's estimates for administration expenses and receipts.

This budget will be communicated to the Commissioner for the States.

The receipts of the Caisse will consist of commissions for costs authorised by the Board to be charged on the annuities paid by the Succession or Cessionary States of the former Austro-Hungarian Monarchy, and also of any grants from States or public bodies, etc.

The expenses of the Caisse include in particular: the remuneration of members of the Board and their expenses incurred for meetings, the indemnity allowed to the Commissioner for the States, general administration expenses, costs of publishing reports and notices, rates and taxes, commissions for financial service in connection with the new issue of coupons and payment of coupons, withdrawal or replacement of bonds, or any other operations which have to be done through credit establishments or banks. The Caisse will arrange for the service of the bonds entrusted to its administration through the same establishments which were previously entrusted with the financial service under the original contracts of issue or under subsequent arrangements, except in case of a special decision to the contrary of the Managing Board of the Caisse, appointing new pay-offices or substituting new ones for those which have closed down.

The Board will also have to draw up on December 31, of each financial year a definitive General Return showing in detail all the operations done. This General Return will be communicated before publication to the Reparation Commission and to the Commissioner for the States.

The Board will cause to be published every six months, in particular through the medium of the national Associations, on the markets of Amsterdam, Antwerp, Basle, Berlin, London, Milan and Paris, or any other countries afterwards designated, a concise statement of the monies received and payments made during the preceding six months.

This statement will show:

1. The amounts paid by the Succession or Cessionary States of the former Austro-Hungarian Monarchy;
2. The total amount of the payments made for general administration expenses;

3. The aggregate amount paid out, for each loan, for the service of coupons or amortisation;
4. The cash in hand after these various items of expenditure have been met.

TREASURY AND ACCOUNTING SERVICE.

ARTICLE 12.

The Board will give the General Secretary all proper instructions for the apportionment of the payments between the various loans, and also, in a general way, as to the movement of funds, the formation of reserves at the different payment centres by conversion into gold or foreign bills, and the arrangements to be negotiated for the purpose of securing the co-operation of credit establishments or banks.

Similarly, the General Secretary will have to submit proposals to the Board as to the new issue of coupons (which will be accompanied by a registration of the debentures of loans the service of which is administered by the Caisse), the renewal of defaced bonds, the replacement of bonds of coupon sheets in case of loss, theft or destruction, the costs of publishing the price-quotations of the loans on foreign bourses and any negotiations or arrangements with these latter, the publication of the notices of payment or lists of drawings, etc.

Each year, the Board of the Caisse will appoint an auditor who will have to prepare a report on the accounting operations for the business year.

ARBITRATION.

ARTICLE 13.

Any dispute, in so far as it may not be settled under a decision of the Reparation Commission, which may arise between the Managing Board and the Commissioner for the States as to the interpretation or application of the present Statutes, will be referred to two arbitrators, one to be appointed by each party, within one month from the date when such arbitration was applied for; these arbitrators will between themselves appoint an umpire to decide between them if necessary. If the two arbitrators fail to agree on the choice of an umpire, the latter will be nominated by the Governor of the Bank of France.

The arbitral award will be final.

ARTICLE 14.

As from the deposit of the present Statutes the Caisse Commune agrees to subrogate itself in complete independence, as against the holders of bonds of the Debt of the former Austro-Hungarian Monarchy, as defined in Article 4, to the obligations of those Succession or Cessionary States which have made their payments punctually; in regard to States which have not made their payments, the rights of the holders represented by the Caisse remain as defined in the contracts and the Treaties of Peace.

As from its foundation, the Caisse will henceforth be to the holders, both as regards the financial service and also as regards legal relations (proceedings for the stopping of payment, barring of debts, etc.) in the place of the former Austro-Hungarian Monarchy, in so far as the payments due from the Succession or Cessionary States of the old Monarchy are punctually discharged.

AMENDMENTS TO THE STATUTES.

ARTICLE 15.

The present statutes may not be supplemented, enlarged upon, or altered without the unanimous consent of the holders associations participating through their several representatives in the operation of the Caisse, and that only within the limits laid down by the Innsbruck Protocol.

The Managing Board of the "Caisse commune".

Messrs. Paul GAUTHIER, Delegate of the Association Nationale Française, *Chairman*;
A. F. van HALL, Member of the Private Bank H. Oyens en Zoen, Amsterdam, *Vice-Chairman*;
Léon KEUSTERS, Stockbroker, Antwerp, *Vice-Chairman*;
Mario ALBERTI, Director of the Credito Italiano;
Giuseppe BIANCHINI, General Director of the Associazione Bancaria Italiana;
J. CLERC, Secretary of the Association Suisse des Banquiers;
Sir BERNARD GREENWELL, Stockbroker, London;
R. A. KOECHLIN, Chairman of the Banque Commerciale de Bâle;
H. A. van NIEROP, Managing Director of the Amsterdamsche Bank;
Gustave RENDU, Delegate of the Association Nationale Française;
François van ROY, Managing Director of the Banque Centrale Anversoise;
L. W. STEWART, Banker, London;
FRANZ URBIG, Assistant Manager of the Discontogesellschaft;
Dr. Kurt WEIGELT, Vice-Chairman of the Deutsche Bank.
Marcel BARDE, Director of the Association Nationale Française, *General Secretary*.

IV

PRAGUE AGREEMENT⁽¹⁾.

On November 6, 1925, there was held at Prague, Czechoslovakia, on the initiative of the Reparation Commission (Decision of May 1, 1925), a conference between the Delegates of the Succession and Cessionary States of former Austria and Hungary, of the one part, and the Delegates of the "Caisse Commune des Porteurs des Dettes publiques autrichienne et hongroise émises avant la guerre", of the other part, with a view to settling certain conditions of application of the Innsbruck Protocol dated June 29th, 1923.

The Reparation Commission was represented by :

M. Gaston BOUNIOLS, appointed Chairman of the Conference, and
Dr. G. DOLZANI.

The Governments of the States referred to above were represented by :

Dr. Walter GÜTTL, of the Austrian Finance Ministry, *Austria*.
Dr. Kalman ZSIGMONDY, of the Hungarian Finance Ministry, *Hungary*.
Commendatore E. CIARROCCA, a Director of the Treasury, *Italy*.
M. J. MROZOWSKI, Polish Delegate to the Reparation Commission, *Poland*.
M. A. ZEUCANU, Roumanian Delegate to the Reparation Commission, *Roumania*.
Dr. M. PLOJ, Assistant-Delegate of the Kingdom of the Serbs, Croats and Slovenes
to the Reparation Commission, *Kingdom of the Serbs, Croats and Slovenes*.
Dr. Karel BRABENEC, of the Czechoslovakian Finance Ministry, *Czechoslovakia*.

The "Caisse Commune" was represented by :

MM. Paul GAUTHIER, Chairman.
A. F. van HALL and Léon KEUSTERS, Vice-Chairmen.
J. CLERC, Sir Bernard GREENWELL, R. A. KOECHLIN, H. A. van NIEROP,
F. van ROY, L. W. STEWART, F. URBIG, Dr. K. WEIGELT, Members
of the Managing Board, M. FENOGLIO, replacing M. BIANCHINI, Member
of the Managing Board.
M. BARDE, General Secretary.

M. C. RODENBACH, of the Reparation Commission, acted as Secretary of the Conference.

(1) The Reparation Commission took note of this agreement by its decision of March 19, 1926.

After a joint examination of the measures to be taken, the following text was drawn up, accepted and signed by all the members present, except the Roumanian Delegate, who read two statements, copies of which are appended to the present Agreement. This text is however subject to the following condition subsequent: each of the States represented reserves the right to withdraw (by a letter or a telegram addressed to the Reparation Commission before December 15, 1925) the adhesion given by its representative (1). After the expiration of this time limit their adherence will be held to be final. To become operative, however, the present Agreement must have obtained the approval of the Reparation Commission (2).

ARTICLE 1.

The "Caisse Commune" takes note of the communication made to it by the representatives of the Reparation Commission of the amount in nominal capital of the bonds referred to in Article 2 (2) of the Innsbruck Protocol, of which it will have to ensure the service, and of which the burden falls on the following States (3):

AUSTRIAN DEBT.

	4 % GOLD ANNUITY.	1914, 4 1/2 % Treasury Certificates in several currencies.
	— Florins.	— Crown.
Republic of Austria.....	83,907,071	61,372,329
Republic of Poland.....	66,618,779	21,917,047
Kingdom of Roumania.....	7,384,956	3,744,356
Kingdom of the Serbs, Croats and Slovenes..	8,982,891	4,544,023
Republic of Czechoslovakia.....	72,603,356	23,780,520

HUNGARIAN DEBT.

	4 % GOLD ANNUITY.	1913, 4 1/2 % annuity in four currencies.	1914, 4 1/2 % redeemable annuity in four currencies.
	— Florins.	— Crown.	— Crown.
Republic of Poland.....	—	—	277,615
Kingdom of Hungary.....	242,856,272	16,013,820	98,344,781
Kingdom of Roumania.....	136,970,703	31,862,390	103,505,087
Kingdom of the Serbs, Croats and Slovenes.....	84,788,129	18,522,960	67,316,632

The above figures are subject to amendment :

1) at the request of the Reparation Commission, in the event of its obtaining further statistical information (3);

(1) None of the signatory States has withdrawn the adhesion given by its representative.

The Roumanian Government gave its adhesion later by the additional Protocol of Paris (document N° V).

(2) See Note on the preceding page.

(3) See Note (*) page 27.

2) at the joint request of two or more of the States concerned for the adjustment of their respective quotas, provided always that the total would not thereby be affected.

ARTICLE 2.

Since it has not yet been possible to put into execution the obligation incumbent upon the Succession and Cessionary States as a result of Article 9 of the Innsbruck Protocol to begin paying the quarterly instalments as from April 1, 1925, the dates and amounts are fixed as follows: On January 2, 1926, each State shall pay 20 % of the quarterly instalment due on January 1, 1926, in respect of the Austrian and Hungarian gold annuities. The remaining 80 % of this quarterly instalment as well as the quarterly instalment in respect of the 4 1/2 % Treasury certificates and the two 4 1/2 % Hungarian annuities, 1913 and 1914 issues, shall be paid 30 days after each State has received notification by the Reparation Commission of the net quota incumbent upon it (1). Failing this notification, the estimates of the net quotas appearing in Article 1 above shall be used for calculating the 20 % mentioned above.

As from April 1, 1926, the States shall pay the current quarterly instalments at the dates laid down in Article 9 of the Innsbruck Protocol, the three quarterly instalments in arrears (April 1, July 1, and October 1, 1925) being divided into six equal payments to be added as from April 1, 1926, to the current quarterly instalment.

(*) In accordance with the Reparation Commission's decision of December 18, 1925, these figures have been slightly amended and fixed as follows:

AUSTRIAN DEBT.

	4 % GOLD ANNUITY.	1914, 4 1/2 % Treasury Certificates in several currencies.
	— Florins.	— Crowns.
Republic of Austria	83,907,071	61,372,329
Republic of Poland	66,618,779	21,917,047
Kingdom of Roumania	7,268,879	3,744,356
Kingdom of the Serbs, Croats and Slovenes	8,917,341	4,544,023
Republic of Czechoslovakia	72,571,956	23,780,520

HUNGARIAN DEBT.

	4 % GOLD ANNUITY.	1913, 4 1/2 % annuity in four currencies.	1914, 4 1/2 % redeemable annuity in several currencies.
	— Florins.	— Crowns.	— Crowns.
Republic of Poland	—	—	277,615
Kingdom of Hungary	242,856,272	16,013,820	102,355,661
Kingdom of Roumania	136,923,789	31,862,390	103,505,087
Kingdom of the Serbs, Croats and Slovenes	84,691,079	18,463,440	67,121,332

At the same time the Reparation Commission decided that the net quotas of the debts thus calculated are to be considered definitive and will not again be revised until the final adjustment after the issue of new coupon sheets by the Caisse Commune. This decision does not however affect the provisions of Article 5 (page 29), regarding amortisation by redemption.

(1) This notification was sent to the States on January 6, 1926.

At the end of 1926, the "Caisse Commune" shall notify to the States the number of bonds included in its census, in order that a calculation may be made of the total quarterly instalments necessary from that date up to the day on which, the time limits assigned for the bondholders having expired, the "Caisse Commune" can proceed definitively to fix the sum required and close the accounts.

ARTICLE 3.

In application of Article 2 of the Innsbruck Protocol, the contracting parties have drawn up the following conditions for the service of the bonds originally issued by the Austro-Hungarian Chartered Company for State Railways (STEG) :

As regards interest :

A. — 3 % Loans (old railway system and additional system) (1).

The payments by the States in respect of arrears and current interest shall be effected in gold francs on the basis of 27 % (twenty-seven per cent), including commission.

The amount of the arrears as at the date of the signing of the present Agreement shall be paid to the "Caisse Commune" by the debtor States by instalments of one-tenth part, on January 15 of each year, from 1926 to 1935 inclusive.

On January 15, 1935, the limited payments laid down in the present Article for the service of the current coupon shall be revised in such a way that if the financial situation of the States should improve the above percentage may be increased accordingly.

The payment of current coupons shall begin as from the first due date of 1926 provided for in the contracts, that is, March 1, 1926.

B. — 1900 4 % Loan (2).

The payments by the States in respect of arrears and current service shall be made in French francs.

The provisions of Paragraph A for the dates of payment of arrears and the current coupons shall apply also to the bonds of the 1900 4 % loan; the first date of payment of current coupons being February 1, 1926.

As to amortisation :

The following provision shall apply to cases A and B above :

The drawings made by the Austrian Administration for the due dates comprised between July 1, 1919, and December 31, 1925, shall be cancelled. A number of bonds corresponding to that which ought to have been amortised between these two dates shall be amortised during the period from January 1, 1926, to December 31, 1935, at the rate of one-tenth per annum, simultaneously with the normal amortisation provided for in the plan drawn up by the Company on July 4, 1893. The States shall be allowed to discharge their liability in respect of amortisation by handing over bonds not later than one month before the date fixed for each drawing. In the event of the number of bonds thus handed over being less than that fixed both for normal amortisation and for the arrears, the difference

(1) This debt is incumbent on Austria (10.539 %), Czechoslovakia (62.808 %), Hungary (11.602 %) Roumania (11.890 %), and the Serb-Croat-Slovene Kingdom (3.161 %).

(2) This debt is incumbent on Austria (19.563 %) and Czechoslovakia (80.437 %).

shall be made good by drawings to be made by the "Caisse Commune". The bonds thus drawn shall be repaid in gold francs on the basis of 27 % if they belong to Class A, and in French francs at their nominal amount if they belong to Class B.

ARTICLE 4.

In application of Article 2 (3) of the Innsbruck Protocol, the undersigned agree to entrust to the "Caisse Commune" the service of the 1910 secured Hungarian Annuity, to a nominal amount of 250 million crowns expressed in 4 currencies.

In conformity with the 6th paragraph of Article 9 of the said Protocol and Part II of the Annex to that Article, the States which have been declared debtors in respect of this loan shall assume responsibility for the arrears and for the payment of current interest on the said loan, in so far as concerns the bonds administered by the "Caisse Commune", at the rate of 27 % (including commission), of the gold parity of the amount stipulated, at the dates and in the conditions laid down by the Innsbruck Protocol and the present Agreement.

Before July 1, 1926, the States shall cancel the bonds withdrawn by them from circulation, and after that date the quota assigned to them by the decision of the Reparation Commission shall be reduced by the amount represented by these bonds, and their responsibility shall be limited to the quota remaining after this operation has been carried out (1).

ARTICLE 5.

Articles 9 and 12 of the Innsbruck Protocol are amended as follows :

1. Until the end of 1930 bonds of redeemable loans shall not be amortised by means of drawings at 27 % of their nominal amount but shall be redeemed by the Succession or Cessionary States and presented to the "Caisse Commune" for cancellation at the end of each half year.

2. Each Succession or Cessionary State shall present to the "Caisse Commune" at the end of each half-year a number of bonds corresponding to the quota of contractual amortisation assigned to it by the Reparation Commission, provided always that, if the number of bonds presented by the States to the "Caisse Commune" is less than the amount so assigned, they shall continue to be liable for interest on the bonds not presented.

With respect to the Austrian $4\frac{1}{2}$ % Treasury Certificates 1914 in particular, each Succession or Cessionary State must present a number of bonds redeemed by it in each of the two classes referred to below to a value proportionate to the amount of that category listed by the "Caisse Commune" in relation to the total amount of the bonds listed by the Caisse. For the purpose of redemption, bonds bearing the German stamp (2) shall be considered, as one category and all other bonds as another category.

NOTE. — This clause must not be taken as involving approval or disapproval of the view upheld by the "Caisse Commune" as to the international character of the entire Austrian $4\frac{1}{2}$ % loan 1914 (Schatzanweisungen). This clause shall remain in force in so far as it is necessary after the reply of the States in regard to this theory has been received.

(1) The net quotas incumbent on the debtor States are now being determined.

(2) This refers to the treasury stamp and not to the stamping carried out at the request of the Reparation Commission.

3. A special account shall be kept for the bonds redeemed by the Succession or Cessionary States and handed over to the "Caisse Commune", in order to determine, according to the number of bonds thus handed over, the figure by which the quarterly instalment due from each State after the delivery of the bonds, must be reduced or increased in order to ensure the service of the bonds still in circulation.

4. At the end of 1930, a table shall be drawn up of the entire operation and, if it is then found that the number of bonds redeemed by any one State is less than the quota assigned to that State, the unredeemed bonds shall be taken into account in the scheme of future amortisations.

5. The provision contained in Paragraph 2 of Article 12 of the Innsbruck Protocol stipulating a delay of 15 years for the redemption of the bonds by the States, shall not apply to the 1914 4 1/2 % Austrian Treasury Certificates or to the 1914 4 1/2 % redeemable Hungarian annuity.

ARTICLE 6.

Holders of bonds, of which the financial service is assured by the "Caisse Commune", who may have to prove their right to lost or stolen bonds, are placed under the protection of the legislation to which the said "Caisse" is subject. This legislation shall also apply to cases of dispossession which have taken place between the coming into force of the Treaties of Saint-Germain and of Trianon and December 20, 1924, the date of the official creation of the "Caisse Commune".

The said legislation shall also apply in the matter of limitation as regards both capital and interest.

In the event of any State, having adhered to the present Agreement, requiring statutory authority for the enforcement of the present Article, that State undertakes to enact the necessary law as soon as possible.

IN WITNESS WHEREOF, the Members of the Conference have affixed their signatures to the present Agreement, done in two copies, one of which is transmitted to the Ministry for Foreign Affairs of the Republic of Czechoslovakia, which is entrusted with the issue of authenticated copies, and the other to the Reparation Commission.

Prague, this fourteenth day of November, one thousand nine hundred and twenty-five.

For the Reparation Commission :

G. BOUNIOLS.

Dr. Giulio DOLZANI.

The Delegates of the States

For Austria

Dr. GÜTTL.

The "Caisse Commune" :

The Chairman :

Paul GAUTHIER.

For Hungary :

ZSIGMONDY

For Italy :

Emilio CIARROCCA

For Poland :

J. MROZOWSKI

*For the Kingdom of the Serbs, Croats
and Slovenes :*

Dr. PLOJ.

For Czechoslovakia :

Dr. BRABENEC.

The Vice-Chairmen :

A. F. VAN HALL.

Léon KEUSTERS.

The Members of the Managing Board :

J. CLERC.

Bernard E. GREENWELL.

L. W. STEWART.

R. A. KOECHLIN.

VAN NIEROP.

F. VAN ROY.

F. URBIG.

Dr. WEIGELT.

pp. FENOGLIO.

The General Secretary :

BARDE.

V

ADDITIONAL PROTOCOL.

ANNEX

TO THE INNSBRUCK PROTOCOL AND TO THE PRAGUE AGREEMENT (1).

PART I.

The Innsbruck Protocol (Article 9, last sub-paragraph) and the Prague Agreement (Article 3 A sub-paragraph 3), having instituted a procedure of revision, which although relating to different matters and dates is identical in form in the two cases, the signatories of these documents (the four holders' associations that signed the Innsbruck Protocol being to-day represented by the *Caisse commune des porteurs des dettes publiques autrichienne et hongroise émises avant la guerre*) have thought fit at once to define the condition of its application as follows:

Any proposal for revision must, in order to be accepted, meet with the general consent of the contracting States, and this provision shall be interpreted as follows:

The opposition of two or more States will be necessary and sufficient to prevent the adoption of a proposal for revision, and consequently to maintain the *statu quo*.

If the signatories are faced by the opposition of a single State, they shall have the right to disregard it, in which case the position of the said opposing State shall be as follows:

It may, after the voting, concur in the view which has prevailed and give its adhesion to the newly-established provision.

On the other hand it may, maintaining its opposition, stop in so far as it is concerned the execution of the Protocol or instrument in question. It will then be subject to the regime of Articles 203 of the Treaty of Saint-Germain and 186 of the Treaty of Trianon, and will discharge its obligations to the holders under these articles.

PART II.

The Kingdom of Roumania, represented to-day by M. A. Zeuceanu, its delegate on the Reparation Commission, has so far refrained from adhering to the Innsbruck Protocol of June 29, 1923, and the Prague Agreement of November 14, 1925.

(1) The Reparation Commission took note of this Protocol and of the letters exchanged in connection with it by its decision of March 19 1926.

The Kingdom of Roumania now states, through M. A. Zeuceanu, who has communicated his powers to this effect, that it recognises these instruments, together with Part I above of the present Annex, and that it undertakes to provide for their application and also the application of the Vienna Agreement in so far as it is concerned.

Note is taken of this adhesion.

The present Annex, as well as a letter from the Caisse Commune regarding the Prague Agreement, has been drawn up in two copies, one of which is delivered to the Czecho-Slovak Ministry of Foreign Affairs, which is commissioned to issue authentic copies, and the other to the Reparation Commission.

Paris, March, 15, 1926.

For the Reparation Commission :

G. BOUNIOLS.

G. DOLZANI.

Delegates of the States :

The "Caisse Commune" :

For Austria :

Chairman :

SCHMID.

Paul GAUTHIER.

For Hungary :

Director :

DE BARKOCZI.

E. van ROY.

For Italy :

Secretary General :

CORSI.

BARDE.

For Poland :

J. MROZOWSKI.

For Roumania :

A. ZEUCEANU.

For the Serb-Croat-Slovene Kingdom :

Dr. PLOJ.

For Czechoslovakia :

KRNO.

ANNEX A.

CAISSE COMMUNE
DES PORTEURS DES DETTES PUBLIQUES
AUTRICHIENNE ET HONGROISE
émises avant la guerre.

22, boulevard de Courcelles, Paris.

Paris, March 15, 1926.

To the Chairman of the Reparation Commission, Paris.

Sir,

On the occasion of signing, in the name of the Caisse Commune, the Annex of to-day's date to the Innsbruck Protocol and the Prague Agreement, it is my duty to point out that it is in deference to the advices which we have received from the Reparation Commission that the representatives of the holders of the Austrian and Hungarian funds have authorised me to sign this document. The authorisation was, however, given only on the following conditions :

1. Opposition on the part of two or more States to the revision of the percentages will have to be offered in good faith and based upon economic facts ;

2. If the revision provided for in the Innsbruck Protocol and the Prague Agreement has not taken place by the dates laid down in these agreements, the Caisse Commune will still have the right to ask the States subsequently to undertake this revision if economic circumstances should change in these States ;

3. It is understood that all the States adhering to the Innsbruck Protocol, the Prague Agreement and the Annex to these two documents shall make all the payments which are already due, in accordance with the time-limits laid down in the Prague Agreement, as soon as the Prague Agreement and the Annex mentioned above have been ratified by the Reparation Commission.

I should be grateful if you would acknowledge the receipt of the present letter, at the same time returning one of the copies of the additional Agreement bearing the signatures of all the parties concerned, and confirm the approval by the Reparation Commission and the States concerned of the above conditions.

I have the honour to be, etc.

Signed : Paul GAUTHIER,
Chairman of the Caisse Commune.

ANNEX B.

Paris, March 15, 1926.

To: The Chairman of the Reparation Commission, Paris.

Sir,

Before signing the Annex to the Innsbruck Protocol and to the Prague Agreement, we have, in the name of our Government, taken cognisance of the letter which the Caisse Commune has to-day sent to the Reparation Commission.

In taking note of the contents of this letter, we wish, to state:

1. That concerning the first point, it is unnecessary to say that any opposition made will be in good faith, that is, that it will be based on economic facts;

2. That concerning the second point, it is understood that the Caisse Commune does not intend to reserve to itself fuller rights than those to which it is entitled under the Innsbruck and Prague Agreements, and it is also understood that any revision will be subject to the conditions laid down in the Annex to the Innsbruck Protocol and Prague Agreement;

3. That concerning the third point, our Governments undertake to make the payments at the dates fixed by the Prague Agreement and to make the payments which are already due as soon as the Prague Agreement has been ratified by the Reparation Commission.

We have the honour, etc.

For Austria:

SCHMID.

For Poland:

J. MROZOWSKI.

For Hungary:

DE BARKOCZI.

For the Serb-Croat-Slovene Kingdom:

Dr. PLOJ.

For Italy:

CORSI.

For Czechoslovakia:

KRNO.

ANNEX C.

ROUMANIAN DELEGATION.

Paris, March 15, 1926.

To: The Chairman of the Reparation Commission, Paris.

SIR,

Before signing the Additional Protocol, I have, in the name of my Government, taken cognisance of the letter which the Caisse Commune has to-day sent to the Reparation Commission.

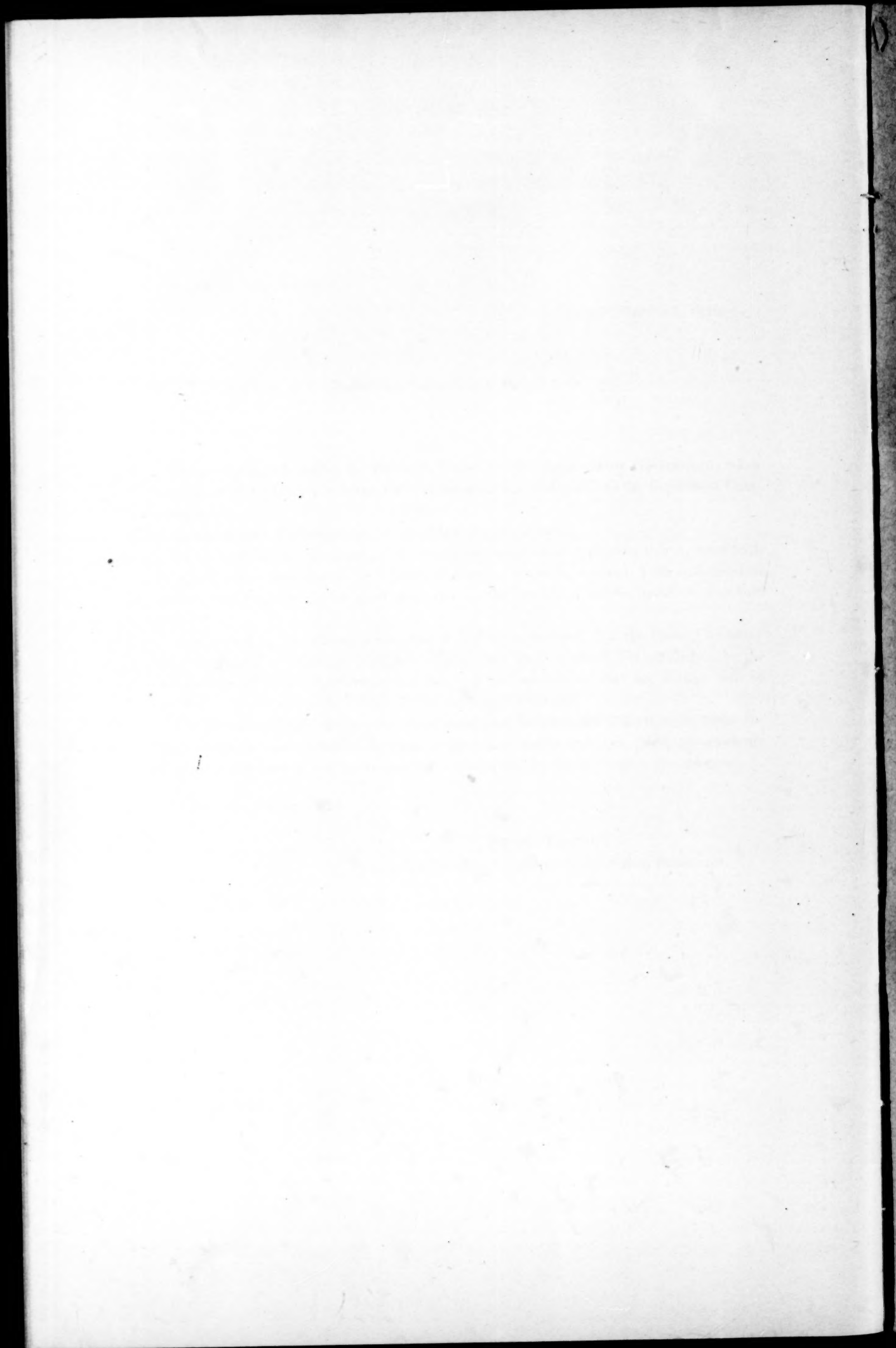
In taking note of the contents of this letter, I wish to state:

1. Concerning the first point, that, my Government never supposing that its good faith in regard to the execution of the Additional Protocol could be doubted, I am authorised to declare that it will act in all good faith, that is, that its action will be based on economic facts;
2. Concerning the second point, that it is fully understood that the Caisse Commune does not intend to reserve to itself fuller rights than those to which it is entitled under the Innsbruck and Prague Agreements and that it is also understood that any revision will be subject to the conditions laid down in the Additional Protocol;
3. That in so far as concerns the third point, my Government undertakes to make the payments at the dates fixed by the Prague Agreement and to make the payments which are already due as soon as this Agreement has been ratified by the Reparation Commission.

I have the honour, etc.

Signed: ZEUCEANU,

Roumanian Delegate-Assessor to the Reparation Commission.



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